

**AUDIT REPORT
OF THE
NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT
AND COLLECTION DIVISION**

JULY 1, 2000 THROUGH JUNE 30, 2001

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NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

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NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

BACKGROUND

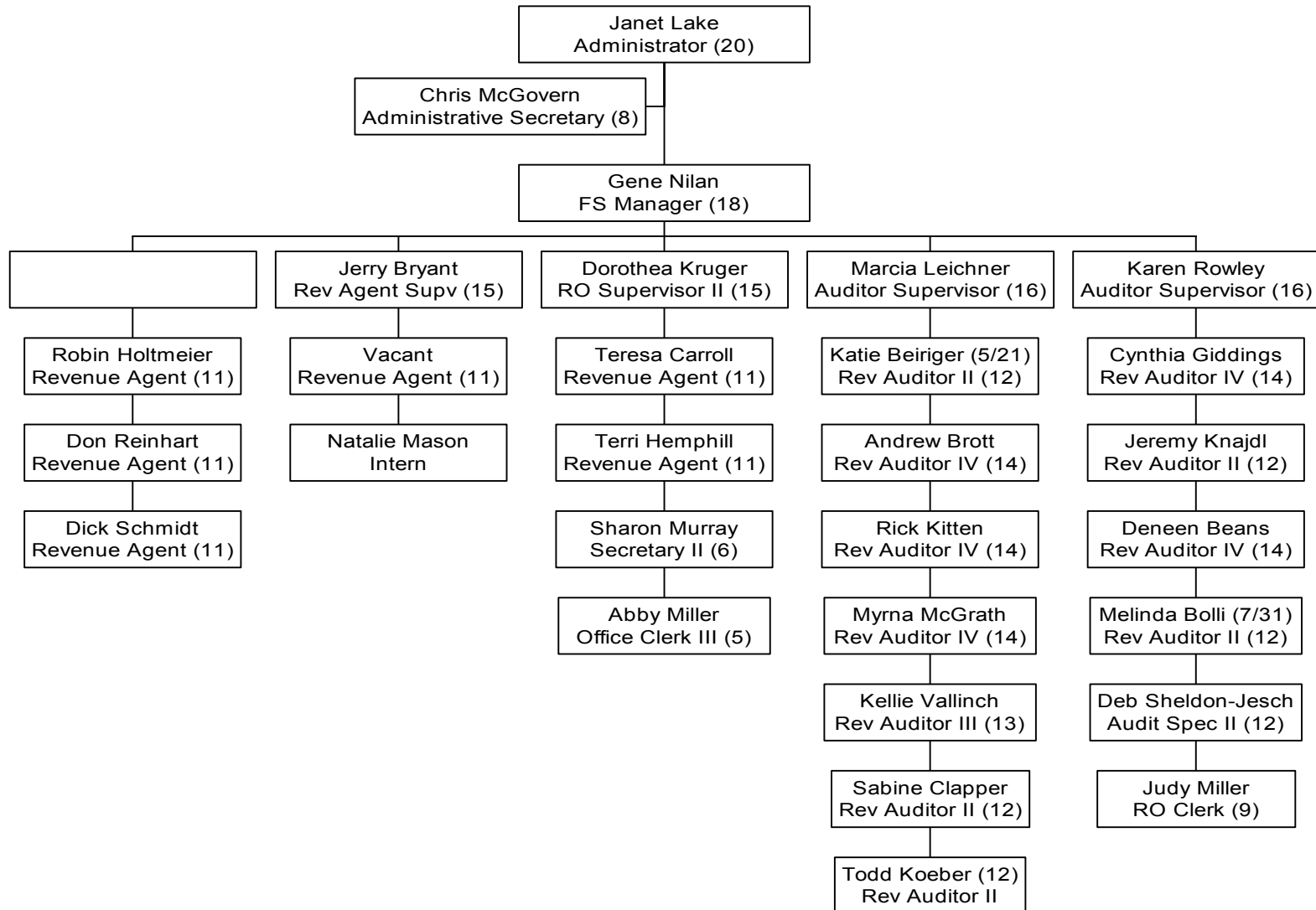
The Motor Fuel Tax Enforcement and Collection Division (Division) was created within the Nebraska Department of Revenue in 1991. The Division's objectives are 1) to administer all motor fuel tax programs, ensuring compliance with State Laws; 2) to provide assistance to taxpayers regarding motor fuel tax programs; and 3) to ensure compliance with laws through an increased emphasis on collections, audits, and investigations. The Division is funded by a separate appropriation program within the Department. The Tax Commissioner is ultimately responsible for the operation of this Division. A Motor Fuel Task Force, with representatives from the Department of Revenue, Department of Roads, State Patrol, Department of Agriculture, State Fire Marshal, and Attorney General began work on a project in 1988 to examine the system of assessment, collection, and enforcement of motor fuel taxes, including the use and effectiveness of available regulator, civil, and criminal sanctions. The Task Force continued in an advisory capacity until 1996. Since 1994, sufficient data has been reported by the motor fuels industry to allow the Department to track the fuel from the time it comes into Nebraska until final consumption, either taxable or nontaxable. The Division had 26 employees at June 30, 2001.

MISSION STATEMENT

We will serve the public through the administration of the State tax laws in a fair, courteous, and efficient manner.

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

ORGANIZATIONAL CHART



STATE OF NEBRASKA

AUDITOR OF PUBLIC ACCOUNTS



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NEBRASKA DEPARTMENT OF REVENUE MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

INDEPENDENT AUDITORS' REPORT

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We have audited the financial statements of the Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division as of and for the fiscal year ended June 30, 2001, as listed in the Table of Contents. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also as discussed in Note 1, the financial statements present only the Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division, and are not intended to present fairly the fund balances and the receipts and disbursements of the State of Nebraska in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund balances of the Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division as of June 30, 2001, and the receipts and disbursements for the fiscal year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 18, 2002, on our consideration of the Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying combining statements and schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in dark ink, reading "Timothy J. Chamber CPA". The signature is fluid and cursive, with the initials "TJ" being prominent at the start.

Assistant Deputy Auditor

April 18, 2002

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION
COMBINED STATEMENT OF ASSETS AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS
SPECIAL REVENUE FUND TYPE
June 30, 2001

	Governmental Fund Type
	Special Revenue
<u>Assets</u>	
Cash in State Treasury	\$ 4,369,093
Total Assets	<u>\$ 4,369,093</u>
<u>Fund Balance</u>	
Unreserved, Undesignated	<u>4,369,093</u>
Total Fund Balance	<u>\$ 4,369,093</u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE**
For the Fiscal Year Ended June 30, 2001

	Special Revenue
RECEIPTS:	
Intergovernmental	\$ 75,379
Sales and Charges	780
Miscellaneous	226,211
TOTAL RECEIPTS	<u>302,370</u>
DISBURSEMENTS:	
Personal Services	1,288,051
Operating	187,956
Travel	68,908
Capital Outlay	59,965
TOTAL DISBURSEMENTS	<u>1,604,880</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,302,510)</u>
OTHER FINANCING SOURCES (USES):	
Sales of Assets	202
Operating Transfers In (Note 5)	2,442,421
Operating Transfers Out	(780)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,441,843</u>
Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	1,139,333
FUND BALANCE, JULY 1, 2000	<u>3,229,760</u>
FUND BALANCE, JUNE 30, 2001	<u>\$ 4,369,093</u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Cash and Federal Funds
For the Fiscal Year Ended June 30, 2001

	CASH FUNDS		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:			
Intergovernmental		\$ 75,379	
Sales and Charges		780	
Miscellaneous		224,950	
TOTAL RECEIPTS		<u>301,109</u>	
DISBURSEMENTS:			
Personal Services		1,288,051	
Operating		186,192	
Travel		65,256	
Capital Outlay		59,965	
Total Budgeted	\$ 2,286,393	1,599,464	\$ 686,929
Under (Over) Budgeted (Note 6)	924,413	-	924,413
TOTAL DISBURSEMENTS	\$ 3,210,806	1,599,464	\$ 1,611,342
Excess of Receipts Over (Under) Disbursements		<u>(1,298,355)</u>	
OTHER FINANCING SOURCES (USES):			
Sale of Assets		202	
Operating Transfers In		2,442,421	
Operating Transfers Out		(780)	
TOTAL OTHER FINANCING SOURCES (USES)		<u>2,441,843</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		1,143,488	
FUND BALANCES, JULY 1, 2000		<u>3,207,161</u>	
FUND BALANCES, JUNE 30, 2001		<u><u>\$ 4,350,649</u></u>	

The accompanying notes are an integral part of the financial statements.

FEDERAL FUND			TOTALS		
BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
	\$ -			\$ 75,379	
	-			780	
	1,261			226,211	
	<u>1,261</u>			<u>302,370</u>	
	-		\$ 1,698,037	1,288,051	\$ 409,986
	1,764		378,573	187,956	190,617
	3,652		94,283	68,908	25,375
	-		140,500	59,965	80,535
\$ 25,000	5,416	\$ 19,584	2,311,393	1,604,880	706,513
21,270	-	21,270	945,683	-	945,683
\$ 46,270	5,416	\$ 40,854	\$ 3,257,076	1,604,880	\$ 1,652,196
	<u>(4,155)</u>			<u>(1,302,510)</u>	
	-			202	
	-			2,442,421	
	-			<u>(780)</u>	
	-			<u>2,441,843</u>	
	(4,155)			1,139,333	
	<u>22,599</u>			<u>3,229,760</u>	
<u>\$ 18,444</u>			<u>\$ 4,369,093</u>		

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2001

1. Summary of Significant Accounting Policies

The accounting policies of the Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division are on the basis of accounting as described in the Nebraska Accounting System Manual.

- A. Reporting Entity.** The Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division (Division) is a State agency established under and governed by the laws of the State of Nebraska. As such, the Division is exempt from State and Federal income taxes. The financial statements include all funds of the Division. The Division has also considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the Division, or the significance of their relationship with the Division are such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Division to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Division.

These financial statements present the Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division. No component units were identified. The Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division is part of the primary government for the State of Nebraska's reporting entity.

- B. Basis of Accounting.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounting records of the Division are maintained and the Division's financial statements were prepared on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Combined Statement of Assets and Fund Balances for all funds of the Division. This differs from governmental generally accepted accounting principles (GAAP) which require all governmental funds to be accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

Under the cash receipts and disbursement basis of accounting, revenues are recognized when received and expenditures are recognized when paid. This presentation differs from governmental generally accepted accounting principles (GAAP), which requires the use of the modified accrual basis for governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when they are considered susceptible to accrual and expenditures are recognized when the liability is incurred.

- C. Fund Accounting.** The accounts and records of the Division are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts which records receipts, disbursements, and the fund balance. The fund type presented on the financial statements is that required by GAAP, and is:

Special Revenue Funds. Reflect transactions related to resources received and used for restricted or specific purposes.

This fund type classification differs from the budgetary fund types used by the Nebraska Accounting System.

The fund types established by the Nebraska Accounting System that are used by the Division are:

2000 - Cash Funds - account for receipts generated by specific activities from sources outside of State government and the disbursements directly related to the generation of the receipts.

4000 - Federal Funds - account for all federal grants and contracts received by the State.

- D. Budgetary Process.** The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, the Division and all other State agencies must submit their budget request for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, sub-programs, and activities. The Executive Branch reviews the requests, establishes priorities, and balances the budget within the estimated resources available during the upcoming biennium.

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The Governor's budget bill is submitted to the Legislature in January. The Legislature considers revisions to the bill and submits the revised appropriations bill to the Governor for signature. The Governor may: a) approve the appropriations bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths vote of the Legislature.

The appropriations that are approved will generally set spending limits for a particular program within the agency. Within the agency or program, the Legislature may provide funding from one to five budgetary fund types. Thus, the control is by fund type, within a program, within an agency. The central accounting system maintains this control. A separate publication entitled "Annual Budgetary Report" shows the detail of this level of control. This publication is available from the Department of Administrative Services, Accounting Division.

Appropriations are usually made for each year of the biennium with unexpended balances being reappropriated at the end of the first year of the biennium. For most appropriations, balances lapse at the end of the biennium.

All State budgetary disbursements for the cash and federal fund types are made pursuant to the appropriations which may be amended by the Legislature, upon approval by the Governor. State agencies may reallocate the appropriations between major object of expenditure accounts, except that the Legislature's approval is required to exceed the personal service limitations contained in the appropriations bill. Increases in total cash fund appropriations must also be approved by the Legislature as a deficit appropriations bill. Appropriations for programs funded in whole or in part from federal funds may be increased to the extent that receipts of federal funds exceed the original budget estimate.

The Division utilizes encumbrance accounting to account for purchase orders, contracts, and other disbursement commitments. However, State law does not require that all encumbrances be recorded in the State's centralized accounting system, and, as a result, the encumbrances that were recorded in the accounting system have not been included in the accompanying financial statements, except for the impact as described below.

Under State budgetary procedures, appropriation balances related to outstanding encumbrances at the end of the biennium are lapsed and reappropriated in the first year of the next biennium. The effect of the Division's current procedure is to

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

include in the budget columns, Total Disbursements line, of the Statement of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual the current year's appropriations plus the amounts reappropriated for encumbrances outstanding at the end of the prior biennium. This procedure indicates the Division's intention to honor the encumbrances at the end of a biennium. The disbursements columns of the Statement include cash payments related to the appropriated and reappropriated amounts. For the year ended June 30, 2001, there were no budgetary funds in which disbursements exceeded appropriations.

Budgets for object of expenditure accounts are included in the Department's Year to Date Summary Report. They are budgeted at the program level and not within separate budgetary fund types for the program. As a result, for financial reporting purposes, budget amounts for object of expenditure accounts are shown only for total budgeted funds.

Receipts are not budgeted. Therefore, there are no budgeted amounts shown on the Budget and Actual Statement or the Department's Year to Date Summary Report.

There is no difference between the fund balance of the Budgetary Statement and the Financial Statement. The cash and federal funds on the Budgetary Statement are appropriately classified as a special revenue fund for Financial Statement purposes.

- E. Fixed Assets.** Under GAAP, general fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost, where historical records are available, and at an estimated historical cost, where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Generally, equipment which has a cost in excess of \$300 at the date of acquisition and has an expected useful life of two or more years is capitalized. Fixed assets are not a required disclosure of the cash receipts and disbursements basis of accounting. The Statewide Inventory System has cost information for fixed assets, however, this information could not be retrieved to obtain an accurate dollar value for the Division. We were unable to determine the fixed asset balance as of June 30, 2001.

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Cash in State Treasury. Cash in the State Treasury represents the cash balance of a fund as reflected on the Nebraska Accounting System. Investment of all available cash is made by the State Investment Officer, on a daily basis, based on total bank balances. Investment income is distributed based on the average daily book cash balance of funds designated for investment. Determination of whether a fund is considered designated for investment is done on an individual fund basis. All of the funds of the Division were designated for investment during fiscal year 2001.

G. Compensated Absences. All permanent employees working for the Division earn sick and annual leave and are allowed to accumulate compensatory leave rather than being paid overtime. Temporary and intermittent employees and Board and Commission members are not eligible for paid leave. Under GAAP, the vested portion of the employee's compensated absences is recorded in the Long Term Debt Account Group for governmental funds. Under the receipts and disbursements basis of accounting, the balances which would otherwise be reported in the Long Term Debt Account Group are not reported since they do not represent balances arising from Cash Transactions.

H. Receipts. The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Division are:

Intergovernmental. Receipts from the federal government and the Nebraska Department of Roads related to the Fuel Tax Compliance Project.

Sales and Charges. Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

Miscellaneous. Receipts from sources not covered by other major categories, such as investments

I. Disbursements. The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Division are:

Personal Services. Salaries, wages, and related employee benefits provided for all persons employed by a government.

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

Operating. Disbursements directly related to a program's primary service activities.

Travel. All travel disbursements for any state officer, employee, or member of any commission, council, committee, or board of the State.

Capital Outlay. Disbursements which result in the acquisition of or an addition to fixed assets. Fixed assets are resources of a long-term character, owned or held by the government.

2. Totals

The Totals "Memorandum Only" column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information since interfund balances and transactions have not been eliminated.

3. Contingencies and Commitments

Risk Management. The Division is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. The Division, as part of the primary government for the State, participates in the State's risk management program. The Nebraska Department of Administrative Services (DAS) Division of Risk Management is responsible for maintaining the insurance and self-insurance, programs for the State. The State generally self-insures for general liability and workers compensation. The State has chosen to purchase insurance for:

- A. Motor vehicle liability, which is insured for the first \$5 million of exposure per accident. Insurance is also purchased for medical payments, physical damage, and uninsured and underinsured motorists with various limits and deductibles. State Agencies have the option to purchase coverage for physical damage to vehicles.
- B. The DAS-Personnel Division maintains health care and life insurance for eligible employees.
- C. Crime coverage, with a limit of \$1 million for each loss, and a \$10,000 retention per incident.

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Contingencies and Commitments (Concluded)

- D. Real and personal property on a blanket basis for losses up to \$250,000,000, with a self-insured retention of \$200,000 per loss occurrence. Newly-acquired properties are covered up to \$1,000,000 for 60 days or until the value of the property is reported to the insurance company. The perils of flood and earthquake are covered up to \$10,000,000.
- E. State Agencies have the option to purchase building contents and inland marine coverage.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Compensation Insurance Trust Fund through a combination of employee and State contributions. Workers' compensation is funded in the Workers' Compensation Internal Service Fund through assessments on each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, or destruction of assets, errors or omissions, and natural disasters would be funded through the State General Fund or by individual agency assessments as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division's financial statements.

Litigation. The potential amount of liability involved in litigation pending against the Division, if any, could not be determined at this time. However, it is the Division's opinion that final settlement of those matters should not have an adverse effect on the Division's ability to administer current programs. Any judgment against the Division would have to be processed through the State Claims Board and be approved by the Legislature.

4. State Employees Retirement Plan (Plan)

The Plan is a single-employer defined contribution plan administered by the Public Employees Retirement Board in accordance with the provisions of the State Employees Retirement Act and may be amended by legislative action. In the defined contribution plan, retirement benefits depend on total contributions, investment earnings, and the investment options selected. Membership in the Plan is mandatory for all permanent full-time employees on reaching the age of thirty and completion of twenty-four months of continuous service. Full time employee is defined as an employee who is employed to work one-half or more of the regularly scheduled hours during each pay period. Voluntary membership is permitted for all permanent full-time or permanent part-time

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. State Employees Retirement Plan (Plan) (Concluded)

employees upon reaching age twenty and completion of twelve months of permanent service within a five-year period. Any individual appointed by the Governor may elect to not become a member of the Plan.

Employees contribute 4.33% of their monthly compensation until such time as they have paid during any calendar year a total of eight hundred sixty four dollars, after which time they shall pay a sum equal to 4.8% of their monthly compensation for the remainder of such calendar year. The Division matches the employee's contribution at a rate of 156% of the employee's contribution.

The employee's account is fully vested. The employer's account is vested 100% after five years participation in the plan or at retirement.

For the fiscal year ended June 30, 2001, employees contributed \$39,562 and the Division contributed \$61,716.

5. Operating Transfers In

Operating Transfers In represents amounts transferred from the Highway Trust Fund (6124) to the Motor Fuel Tax Enforcement and Collection Cash Fund as required by Neb. Rev. Stat. Section 39-2215(4) R.R.S. 1998. The monies are used for the operation of the Division.

6. Under (Over) Budgeted

The Division budgets for the amounts they expect to receive and disburse. The amount underbudgeted was primarily due to the Division not including reappropriations or encumbered appropriations in the Department's Year to Date Summary Report.

7. GASB 34

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The State of Nebraska is planning to implement the Statement for the fiscal year ending June 30, 2002. The new accounting and reporting standards will impact the State's revenue and expenditure recognition, and assets, liabilities, and fund equity reporting. The financial statements will be reformatted to reflect the new standards.

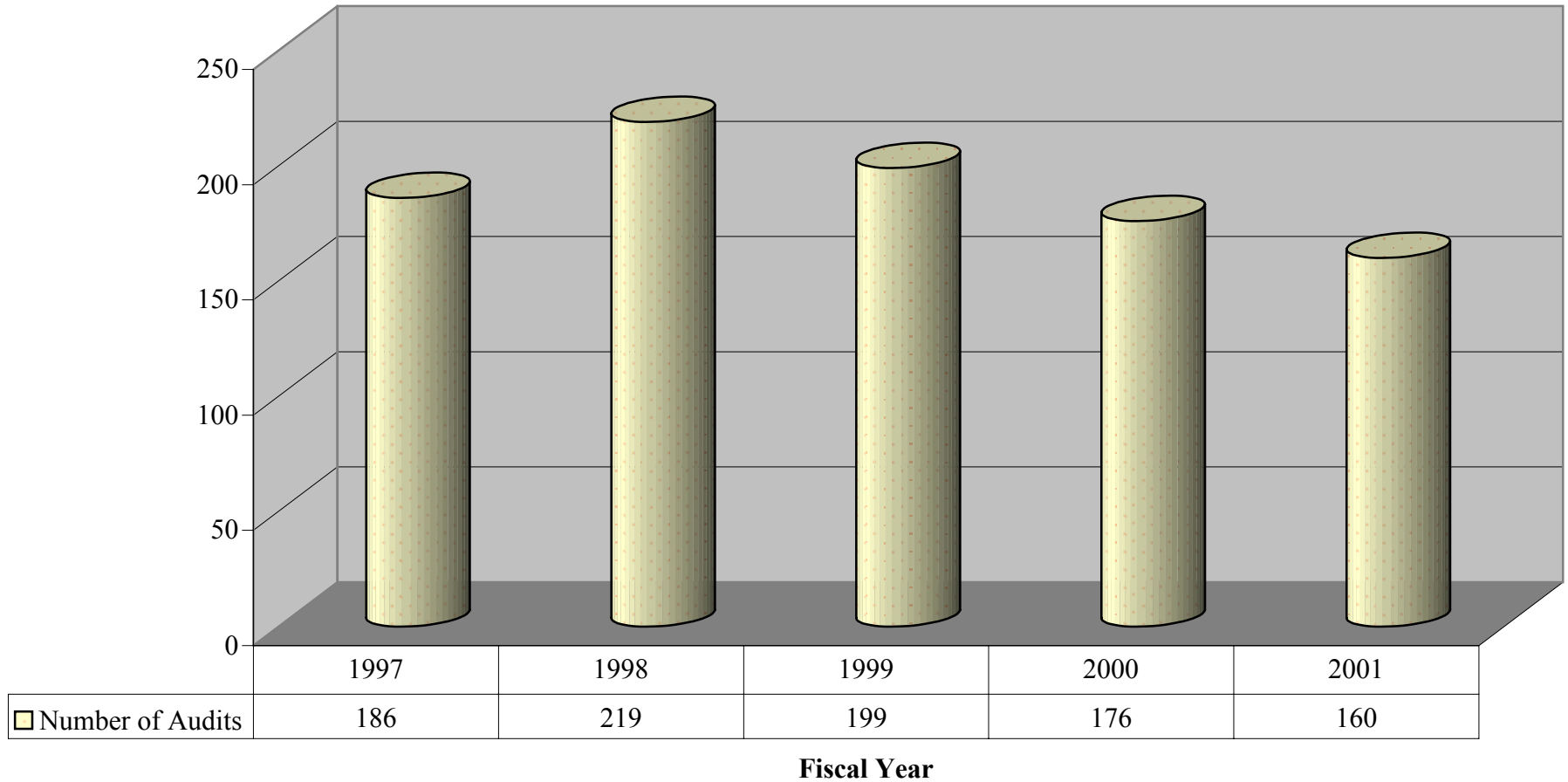
NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
ALL SPECIAL REVENUE FUNDS
June 30, 2001

	Motor Fuel Tax Enforcement Fund 2170	Investigative Forfeiture Fund 4161	Total Special Revenue Funds
Assets			
Cash in State Treasury	\$ 4,350,649	\$ 18,444	\$ 4,369,093
Total Assets	<u>\$ 4,350,649</u>	<u>\$ 18,444</u>	<u>\$ 4,369,093</u>
Fund Balances			
Unreserved, Undesignated	\$ 4,350,649	\$ 18,444	\$ 4,369,093
Total Fund Balances	<u>\$ 4,350,649</u>	<u>\$ 18,444</u>	<u>\$ 4,369,093</u>

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECITON DIVISION
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES**
ALL SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2001

	Petroleum Release Remediation Fund 2159	Motor Fuel Refund Administration Fund 2162	Motor Fuel Tax Enforcement Fund 2170	Highway Cash Fund 2271	Investigative Forfeiture Fund 4161	Total Special Revenue Funds
RECEIPTS:						
Intergovernmental	\$ -	\$ -	\$ 75,379	\$ -	\$ -	\$ 75,379
Sales and Charges	-	-	-	780	-	780
Miscellaneous	-	-	224,950	-	1,261	226,211
TOTAL RECEIPTS	-	-	300,329	780	1,261	302,370
DISBURSEMENTS:						
Personal Services	23,877	188	1,263,986	-	-	1,288,051
Operating	-	-	186,192	-	1,764	187,956
Travel	-	-	65,256	-	3,652	68,908
Capital Outlay	-	-	59,965	-	-	59,965
TOTAL DISBURSEMENTS	23,877	188	1,575,399	-	5,416	1,604,880
Excess of Receipts Over (Under) Disbursements	(23,877)	(188)	(1,275,070)	780	(4,155)	(1,302,510)
OTHER FINANCING SOURCES (USES):						
Sales of Assets	-	-	202	-	-	202
Operating Transfers In	23,877	188	2,418,356	-	-	2,442,421
Operating Transfers Out	-	-	-	(780)	-	(780)
TOTAL OTHER FINANCING SOURCES (USES)	23,877	188	2,418,558	(780)	-	2,441,843
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	-	-	1,143,488	-	(4,155)	1,139,333
FUND BALANCES, JULY 1, 2000	-	-	3,207,161	-	22,599	3,229,760
FUND BALANCES, JUNE 30, 2001	\$ -	\$ -	\$ 4,350,649	\$ -	\$ 18,444	\$ 4,369,093

NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION
SCHEDULE - NUMBER OF AUDITS
UNAUDITED



STATE OF NEBRASKA

AUDITOR OF PUBLIC ACCOUNTS



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NEBRASKA DEPARTMENT OF REVENUE
MOTOR FUEL TAX ENFORCEMENT AND COLLECTION DIVISION
**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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We have audited the financial statements of the Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division as of and for the year ended June 30, 2001, and have issued our report thereon dated April 18, 2002. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and was modified to emphasize that the financial statements present only the funds of the Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska Department of Revenue - Motor Fuel Tax Enforcement and Collection Division's internal control over financial reporting in order to determine our

auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Division, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, reading "Timothy J. Chamber CPA". The signature is fluid and cursive, with the letters "T", "J", and "C" being particularly prominent.

Assistant Deputy Auditor

April 18, 2002